

Internal Revenue Service
memorandum

CC:TL-N-3020-89

Br4:RBWeinstock

date: FEB 02 1989

to: District Counsel, Washington MA:WAS

from: Assistant Chief Counsel (Tax Litigation)

subject: [REDACTED]

This is in response to your January 19, 1989 request for technical advice in the above-entitled case. You ask whether the case should be defended in view of earlier Exempt Organizations National Office involvement with related organizations and issues. Petitioner is apparently one of several organizations which came to the attention of the National Office several years ago. The issues involve loss of I.R.C. § 501(c)(3) status on account of intervention in political campaigns and lobbying. Mr. Salamy provided informal technical advice to your trial attorney several times last year.

We have completed our formal coordination with the Exempt Organizations Technical Division. The director of that division, after an exhaustive review of both this case and the surrounding circumstances, has recommended to us that the case not be litigated. That recommendation is based on an onsite review of the administrative file materials in the case, coordination with other districts and an analysis of the technical merits. Attached for your information are copies of the tax law specialist's report and the January 9, 1989 memorandum to us from the Exempt Organizations Technical Division recommending that the case not be litigated.

We understand that petitioner is desirous of settling this case as well as the related deficiency case, as a package. One of the terms would be that the petitioner would agree to the entry of a stipulated decision that it is not exempt, with relief being provided to it in the [REDACTED] deficiency case in the amount of \$[REDACTED]. Such an approach makes sense to us and we recommend that it be pursued. The organization has been dormant for some time and will go out of existence. We leave it to your good judgment as to whether or not a closing agreement is necessary for subsequent years on the deficiency side. We think not.

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If we can provide you with anything further, please call Mr. Weinstock or Mr. Salamy on 566-3345.

MARLENE GROSS
Assistant Chief Counsel
(Tax Litigation)

By: H. G. Salamy
HENRY G. SALAMY
Chief, Branch No. 4
Tax Litigation Division

Attachments:
As stated